

Message Text

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ACTION EB-08

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 9451

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 1 OF 2 BUENOS AIRES 1751

LONDON FOR M. H. STYLES, USDEL TO CIVAIR TALKS

E.O. 11652: N/A

TAGS: EAIR, AR

SUBJECT: CIVAIR: US-ARGENTINE NEGOTIATIONS

REF: (A) STATE 44727, (B) BUENOS AIRES 1542, (C) BUENOS AIRES 1093

1. BEGIN SUMMARY. IN MEETING TODAY WITH BRIGADIER AGOSTI IS WAS AGREED, SUBJECT TO DEPARTMENT APPROVAL, THAT PRELIMINARY UNDERSTANDING WOULD BE NEGOTIATED BETWEEN EMBASSY AND ARGENTINE AIR FORCE AIMED AT REMOVING OBSTACLES TO THE RESUMPTION OF U.S.-ARGENTINE AVIATION TALKS ADJOURNED IN JANUARY 1976. AMBASSADOR WOULD PERSONALLY CONDUCT NEGOTIATIONS ON U.S. SIDE ASSISTED BY ECON COUNSELOR WITH BRIGADIER LAMI DOZO, CHIEF AERONAUTICAL INTERESTS ARGENTINE AIR GENERAL STAFF, ASSISTED BY COMODORO LARGHI, CHIEF OF DIRECTORATE GENERAL CIVIL AVIATION, REPRESENTING GOA. AGOSTI INDICATED WILLINGNESS TO CONSIDER TEMPORARY SUSPENSION OF BRANIFF QUOTAS AS POSSIBLE RESULT OF SUCH TALKS BUT THOUGHT DISCUSSION OF PAN AM REQUEST FOR ADDITION OF SAN JOSE AND CHANGE OF GAUGE AT RIO SHOULD BE RESERVED FOR FOLLOW-ON

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NEGOTIATIONS, SINCE THESE MATTERS WERE CRITICAL ISSUES IN SUSPENDED BILATERAL TALKS. AGOSTI ALSO INDICATED THAT ANY ARGENTINE CONCESSIONS MUST BE CONDITIONED ON RESUMPTION OF NEGOTIATIONS WITHIN REASONABLE TIME AND CLEAR UNDERSTANDING THAT PRE-NEGOTIATION RESULTS WOULD BE CONSIDERED FINAL AND NOT SUBJECT TO RENEGOTIATION IN RESUMED TALKS. END SUMMARY.

2. AMBASSADOR MET TODAY (MARCH 4) WITH BRIGADIER AGOSTI, COMMANDER IN CHIEF ARGENTINE AIR FORCE, ONE OF THREE MEMBERS OF THE RULING JUNTA, AND THE TOP ARGENTINE OFFICIAL RESPONSIBLE FOR CIVIL AVIATION MATTERS. IN RESPONSE TO AMBASSADOR'S REQUEST FOR AGOSTI'S REACTIONS TO AMBASSADOR'S DEMARCHE OF FEB 9 (SEE REFTEL (C)), AGOSTI SAID THAT HE HAD SINCE STUDIED THE MATTER CAREFULLY AND HAD CONCLUDED THAT SOLUTION TO THE QUOTA PROBLEM COULD ONLY BE REACHED IN THE CONTEXT OF A BROADER BILATERAL NEGOTIATION BETWEEN THE TWO GOVERNMENTS. AMBASSADOR WAS ACCOMPANIED BY DCM, ECOM COUNSELOR AND AIR ATTACHE. WITH AGOSTI WAS BRIGADIER LAMI DOZO, CHIEF AERONAUTICAL INTERESTS OF ARGENTINE GENERAL STAFF. LAMI DOZO IS THE FORMER ARGENTINE REPRESENTATIVE TO ICAO AND FULLY FAMILIAR WITH HISTORY U.S.- ARGENTINE AIR NEGOTIATIONS.

3. IN ENSUING CONVERSATION LAMI DOZO ALSO INDICATED PREFERENCE FOR RESUMPTION LAST YEAR'S NEGOTIATIONS AT EARLY DATE WITH QUOTA PROBLEM RESERVED FOR DISCUSSION AT THAT TIME. ECOM COUNSELOR EXPLAINED THAT AS MATTERS NOW STAND, RESUMPTION OF NEGOTIATIONS WOULD REQUIRE SOME GIVE ON ARGENTINE SIDE, SUCH AS WILLINGNESS TO SUSPEND ENFORCEMENT OF QUOTAS ON BRANIFF AND APPROVAL OF PAN AM APPLICATIONS FOR CHANGE OF GAUGE AT RIO AND INTERMEDIATE STOP AT SAN JOSE. LAMI DOZO IMMEDIATELY REJECTED LATTER LIMITED OFFICIAL USE

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TWO ITEMS AS NOT NEGOTIABLE IN THIS CONTEXT, SINCE THEY IMPLIED CONCESSIONS ON BROADER QUESTION OF OPERATING FLEXIBILITY. THIS MUST CONTINUE TO BE A SUBJECT FOR MAJOR NEGOTIATION. QUESTION OF BRANIFF QUOTAS, HOWEVER, COULD BE CONSIDERED AS A MATTER FOR PRE-NEGOTIATION PROVIDED THAT THIS OR ANY OTHER CONCESSION WERE FOLLOWED BY A REASONABLY PROMPT RESUMPTION OF LAST YEAR'S TALKS. ECOM COUNSELOR EXPLAINED LOGISTICAL PROBLEM OF U.S. NEGOTIATORS IN NEXT FEW MONTHS, WHICH SEEMED TO BE UNDERSTOOD BY AGOSTI AND LAMI DOZO. LATTER REMARKED THAT ANY POSTPONEMENT OVER TWO MONTHS WOULD SEEM EXCESSIVE. LAMI DOZO ALSO RESERVED RIGHT TO INTRODUCE REQUESTS FROM ARGENTINE SIDE IN THE COURSE OF ANY PRE-NEGOTIATIONS. PRESUMABLY THESE WOULD ALSO BE MATTERS NOT CONSIDERED TO BE AMONG THE ISSUES FORMING THE SUBSTANCE OF LAST YEARS TALKS.

4. THE AMBASSADOR THEN PROPOSED THAT A NEGOTIATING TEAM, HEADED BY HIMSELF ON THE U.S. SIDE, BE FORMED, SUBJECT TO WASHINGTON APPROVAL, FOR THE PURPOSE OF REACHING AGREEMENTS WHICH WOULD PERMIT RESUMPTION OF THE BROADER BILATERAL NEGOTIATION. BRIGADIER AGOSTI AGREED TO THIS SUGGESTION AND APPOINTED LAMI DOZO, TO BE ASSISTED BY LARGHI, AS THE ARGENTINE NEGOTIATOR.

5. AGOSTI AND LAMI DOZO HAD ALREADY BEEN INFORMED OF PENDING CAB RESTRICTIONS ON AA FLIGHTS TO U.S. THEY INDICATED THAT THESE CONSTITUTED A UNILATERAL U.S. ACTION AND IMPLIED THAT THEY CALLED FOR SOME RESPONSE FROM THE ARGENTINE SIDE. LAMI DOZO OBSERVED THAT WE SEEMED TO BE HEADING FOR PRECISELY THE SAME SITUATION THAT OCCURRED IN 1972, WHEN AS LIMITED OFFICIAL USE

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A RESULT OF REPRISALS AND COUNTER-REPRISALS, COMMERCIAL AVIATION BETWEEN OUR TWO COUNTRIES

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ACTION EB-08

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INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE SECTION 2 OF 2 BUENOS AIRES 1751

LONDON FOR M.H. STYLES, USDEL TO CIVAIR TALKS

PRACTICALLY CAME TO A STOP. THE HOPE WAS EXPRESSED THAT THE TALKS SUGGESTED BY THE AMBASSADOR

WOULD PREVENT A REPETITION OF THIS EPISODE.

6. ACTION REQUESTED. DEPARTMENT'S APPROVAL IS REQUESTED FOR THE AMBASSADOR TO CONDUCT EXPLORATORY TALKS AND REACH AGREEMENTS PRELIMINARY TO THE RESUMPTION OF THE JANUARY 1976 BILATERAL NEGOTIATIONS. THE INITIAL U.S. DEMANDS WOULD BE A POSTPONEMENT OF THE APPLICATION OF ARGENTINA'S QUOTA REGIMES TO BRANIFF AND APPROVAL OF PAN AM'S APPLICATIONS FOR CHANGE OF GAUGE AT RIO AND INTER-MEDIATE STOP AT SAN JOSE. U.S. IN RETURN WOULD RESCIND PART 213 ORDER. WE WOULD BE PREPARED IF NECESSARY TO YIELD ON PAN AM REQUESTS, IN DEFERENCE TO GOA INSISTENCE THAT THEY INVOLVE MATTERS CLEARLY RECOGNIZED AS PART OF THE BILATERAL NEGOTIATIONS. WE WOULD ALSO BE PREPARED TO AGREE TO A DATE NOT LATER THAN TWO MONTHS HENCE FOR RESUMPTION OF BILATERAL NEGOTIATIONS. IT MIGHT ALSO BE NECESSARY TO DEVISE COSMETIC CONCESSIONS, ADDITIONAL TO RECESSION OF PART 213, IN ORDER TO LIMITED OFFICIAL USE

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DEAL WITH LAMI DOZO INTENTION TO SUBMIT SOME DEMANDS OF HIS OWN. COMMITMENTS MADE IN THESE PRELIMINARY TALKS WOULD BE CONFIRMED IN AN EXCHANGE OF NOTES.

8. COMMENT: WE BELIEVE THAT LIFTING OF BRANIFF QUOTAS CAN NOW BE ACHIEVED IN PRELIMINARY TALKS. WE ARE LESS HOPEFUL, HOWEVER, THAT GOA WOULD SURRENDER ITS LONG-STANDING COMMITMENT TO CONTROL OF ENROUTE OPERATIONS IN ANYTHING SHORT OF A FULL-FLEDGE BILATERAL NEGOTIATION. EVAN A PARTIAL SOLUTION TO THIS PROBLEM WOULD PROBABLY REQUIRE PRESENCE OF A STATE-CAB NEGOTIATING TEAM, WHICH IN THE CIRCUMSTANCES WOULD COME HERE AS A FOLLOW-ON TO THE ADJOURNED JANUARY 1976 NEGOTIATIONS. IT MAY WELL BE THAT OUR ATTEMPTS TO CLEAR THE AIR AND IMPROVE THE ATMOSPHERE WILL REVEAL FUTILITY OF ANY ATTEMPT TO RESUME FULL SCALE NEGOTIATIONS. HOWEVER, WITH ARGENTINE GENERAL ECONOMIC PHILOSOPHY TENDING AT PRESENT TOWARD LIBERAL FREE ENTERPRISE CONCEPTS, WE THINK IT WORTHWHILE TO MAKE ANOTHER ATTEMPT AT A BILATERAL. HILL

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